

**THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2018-358-WS

**IN RE: Verified Application of Carolina
Water Service, Inc. for Approval of
Annual Rate Adjustment Mechanisms
and Petition for an Accounting Order
to Defer Expenses**

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**REBUTTAL TESTIMONY
OF
ROBERT M. HUNTER**

**1 Q. PLEASE STATE YOUR NAME, PRESENT POSITION, AND BUSINESS
2 ADDRESS.**

3 A. My name is Robert M. Hunter. I am the Financial Planning and Analysis Director for
4 Blue Granite Water Company (“Blue Granite” or “BGWC” or the “Company”). My
5 business address is 130 South Main Street, Suite 800, Greenville, South Carolina 29601.

**6 Q. ARE YOU THE SAME ROBERT HUNTER THAT PREVIOUSLY TESTIFIED IN
7 THIS PROCEEDING?**

8 A. Yes.

9 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

10 A. The purpose of my rebuttal testimony is to respond to the testimonies pre-filed by the South
11 Carolina Office of Regulatory Staff (“ORS”), York County, and Forty Love Point
12 Homeowners’ Association (“Forty Love Point”). In doing so, I will explain where I believe
13 the various parties’ testimony shows agreement, where there are disagreements, and why
14 the Company continues to believe its proposals are reasonable. I will also briefly address
15 the history of the Company’s pass-through adjustment mechanism – essentially explain

1 why we are in the situation of not having such a mechanism, which has some bearing on
2 the equity and reasonableness of our requests for relief.

3 **Q. PLEASE BRIEFLY SUMMARIZE YOUR REBUTTAL TESTIMONY.**

4 A. While there are several disagreements among the parties, at a high level, it appears that all
5 parties believe a pass-through rate adjustment mechanism for purchased water and
6 wastewater services is reasonable for Blue Granite. The areas of disagreement concern the
7 precise costs to be included in such a mechanism, the allocation of such costs to customers,
8 the process for implementing future rate adjustments, and last, but not least, the proper case
9 for deciding these rate adjustment and deferral recovery issues. Blue Granite strongly
10 believes this proceeding provides an appropriate case for the Commission to consider and
11 decide the issues presented, based on the Company's pass-through history and the merits of
12 the Company's filing, but also in light of the length of time this proceeding has been
13 pending. And, as is explained in more detail later in this testimony, the Company also
14 believes its proposed rate adjustment mechanism is reasonable and should be approved.

15 **Q. WHAT ARE THE AREAS OF AGREEMENT AMONG THE PARTIES, BASED**
16 **ON YOUR REVIEW OF THE PARTIES' TESTIMONY?**

17 A. All parties appear to agree that, conceptually, a rate adjustment mechanism to pass-
18 through third-party provider water and wastewater expenses is reasonable, although there
19 are disagreements about the precise costs that should be recovered through the
20 mechanism as well as how those costs should be allocated to customers. Additionally, all
21 parties appear to agree that the deferred balances should be recovered, although there are
22 disagreements about the length of the amortization period and the proceeding in which
23 recovery should be implemented. Finally, the ORS supports (and no party objects to) the

1 Company's request that it be authorized to continue to defer third-party provider
2 expenses until such expenses are reflected in rates.

3 **Q. PLEASE SUMMARIZE THE DISAGREEMENTS BETWEEN THE PARTIES,**
4 **BASED ON YOUR REVIEW OF THE PARTIES' TESTIMONY.**

5 A. The parties disagree as to whether the rate adjustment mechanism should be approved
6 and implemented in this proceeding, as opposed to within a general rate case proceeding.
7 Similarly, the parties disagree whether the deferred costs should be approved for recovery
8 in this proceeding, as opposed to a general rate case proceeding. The ORS opposes the
9 Company's recovery of these passed-through charges through its currently approved rate
10 design – specifically, the Company's proposal to utilize a territory defined basis, which
11 ORS witness Schellinger characterizes as a departure from a dollar for dollar recovery of
12 third-party provider expenses, as well as the inclusion of non-revenue water expenses
13 (such as losses). Mr. Radtke expresses concern that the rate adjustments will be
14 “automatic,” and that the Company may include expenses other than third-party provider
15 expenses. The ORS and York County disagree with the Company's proposed allocation
16 of third-party provider costs to all water distribution customers and all wastewater
17 customers; they take the position that the costs should be allocated to customers that take
18 service from the third-party providers based upon the geographic location of the third-
19 party provider. The ORS and York County also take the position that the deferred costs
20 should be amortized over a period longer than one year. The ORS also takes issue with
21 the true-up mechanism proposed by the Company. Additionally, the ORS and Forty Love
22 Point argue for more public participation in the rate adjustment process, such as 30-day
23 advance written notice to customers prior to future rate adjustments. Finally, the ORS

1 recommends the Company be required to conduct a feasibility study of a third-party
2 provider specific pass-through charge as a separate line item on customer bills.

3 **Q. ORS WITNESS SCHELLINGER STATES THAT THE COMPANY'S**
4 **PROPOSED RATE ADJUSTMENT MECHANISM IS DIFFERENT FROM**
5 **KIAWAH ISLAND UTILITY'S ("KIU") MECHANISM IN THAT THE**
6 **COMPANY'S DOES NOT PASS THROUGH THIRD PARTY CHARGES ON A**
7 **DOLLAR-FOR-DOLLAR BASIS. DO YOU AGREE?**

8 A. No. Although it is true that KIU's rate design is different from Blue Granite's, the rates
9 and mechanism proposed by the Company in this proceeding do, in fact, pass through
10 costs without markup or margin. It is my belief that Mr. Schellinger meant that the pass-
11 through—due to the Company's current rate design, which the ORS supported when the
12 Company implemented it in 2015—spreads third party charges across all service
13 territories rather than assigning these charges to the service territory that happens to be
14 located near the third-party provider. Under this rate design, the impact of a \$1.00
15 increase in a particular service territory would be shared by all of the Company's
16 customers served under the rate schedule such that the service territory that would
17 otherwise have had to pay \$1.00 only has to pay a fraction of that amount.

18 **Q. YOU REFERENCED IN THE SUMMARY OF YOUR TESTIMONY THE**
19 **HISTORY OF THE COMPANY WITH RESPECT TO A PASS-THROUGH RATE**
20 **ADJUSTMENT MECHANISM. CAN YOU BRIEFLY SUMMARIZE THAT**
21 **HISTORY AND EXPLAIN WHY THAT HISTORY IS RELEVANT TO THIS**
22 **PROCEEDING?**

1 A. Blue Granite previously had a pass-through rate adjustment mechanism in place.¹ In the
2 Company's 2015 base rate case, however, the Company worked collaboratively with the
3 ORS to propose a consolidated rate structure, to discontinue the pro rata pass-through
4 mechanism, and to institute deferred accounting for third-party provider expenses instead.
5 At that time, the ORS testified in support of the consolidated rate structure, finding that it
6 would "reduce customer confusion and provide consistent and transparent rates." Willie
7 Morgan Test. at 8, Docket No. 2015-199-WS (filed Oct. 7, 2015). Further, the
8 consolidated rate design and method of allocating purchased water and purchased sewer
9 expenses was again not disputed by the ORS in the 2017 rate case.

10 **Q. IN HIS TESTIMONY, ORS WITNESS SCHELLINGER RECOMMENDS THAT**
11 **THE COMPANY BE PERMITTED TO MAKE A FILING THAT WOULD**
12 **ESTABLISH A PASS-THROUGH MECHANISM TO PASS THROUGH**
13 **CHANGES IN RATES CHARGED TO THE COMPANY BY THIRD PARTIES**
14 **WITHOUT MARK-UP OR MARGIN. DO YOU BELIEVE ANOTHER FILING**
15 **SUCH AS THAT PROPOSED BY MR. SCHELLINGER IS NECESSARY?**

16 A. No. What the Company has proposed in the Amended Application—that is, what is
17 currently pending before the Commission—is exactly what Mr. Schellinger describes.
18 As explained in the Amended Application, the proposed adjustment mechanisms will
19 track changes in the wholesale rates the Company pays for purchased water and
20 purchased sewer expenses, whether such tracking results in a charge or a credit to

¹ See, e.g., Order No. 2014-207, Order Exhibit 1 at 12 (Mar. 4, 2014) ("The Utility will also charge for the cost of water purchased from the government body or agency, or other entity. The charges imposed or charged by the government body or agency, or other entity providing the water supply will be charged to the Utility's affected customers on a pro rata basis without markup."); *id.* at 16 ("The Utility will also charge for treatment services provided by the government body or agency, or other entity. The rates imposed or charged by the government body or agency, or other, entity providing treatment will be charged to the Utility's affected customers on a pro rata basis without markup.").

1 customers. Moreover, that is what is reflected in the rates proposed in this proceeding:
2 the passed-through increase in third-party rates and the deferral balances that have
3 accrued due to increased third-party rates, all without markup or margin. By suggesting
4 that the Company make yet another pass-through filing that would change its rate design,
5 Mr. Schellinger is essentially suggesting that these issues should be addressed in the
6 Company's next rate case proceeding.

7 **Q. WHY DO YOU BELIEVE MR. SCHELLINGER IS SUGGESTING THAT THESE**
8 **ISSUES BE ADDRESSED IN THE COMPANY'S NEXT RATE CASE**
9 **PROCEEDING?**

10 A. Mr. Schellinger suggests that the pass-through mechanism proposed in his testimony be
11 limited to the water and/or sewer customers whose distribution and/or collection system
12 is connected to the third-party provider that incurred the change in rates. This is
13 fundamentally inconsistent with the rate design approved for the Company by the
14 Commission, and which was supported by the ORS in 2015 and 2017. As explained
15 above, the ORS supported consolidated rates for the Company. It appears that the ORS
16 now supports a return to the Company's previous rate design. The ORS is entitled to
17 change its policy preferences, but the Company should not be penalized for designing a
18 rate adjustment mechanism that is compatible with the rate design that the ORS
19 previously favored. I would also note that the Company is not permitted—in this limited
20 pass-through proceeding—to propose sweeping changes to its overall rate structure.

21 **Q. LET'S WALK THROUGH THE SPECIFIC DISPUTED ISSUES. FIRST, WHAT**
22 **IS THE COMPANY'S RESPONSE TO THE PARTIES' POSITION THAT THE**
23 **RATE ADJUSTMENT MECHANISM APPROVAL, THE RATE INCREASE,**

**AND THE RECOVERY OF THE DEFERRAL BALANCE, SHOULD ALL TAKE
PLACE IN THE CONTEXT OF A GENERAL RATE CASE RATHER THAN
THIS PROCEEDING?**

A. Blue Granite believes that the relief requested in this proceeding is appropriately granted in this proceeding rather than waiting until the Company's next general rate case. There is Commission precedent for handling these requests in a separate proceeding such as this,² and the parties have provided no compelling reason to deviate from this precedent. Additionally, it is important to keep in mind that this case has been pending for nearly seven (7) months; the Company initiated this proceeding in November 2018. In fact, a Commission decision on the Company's initial filing was delayed at the ORS's request, to accommodate a public notice filing that was not statutorily required as the initial request had no immediate rate impact. ORS Letter, Docket No. 2018-358-WS (filed Nov. 21, 2018) ("The South Carolina Office of Regulatory Staff ('ORS') respectfully requests that notice to customers be provided of CWS's request and that a hearing be scheduled on this application."). And the Company's Amended Application, submitted in February 2019, utilizes a rate design previously approved by the Commission for the Company's current rates. Yet the parties' May 30, 2019 testimony now argues that a new, different rate design should be used and that these issues should be decided in a base rate case. If the ORS really believes that a request such as this should be addressed only in the context of a base rate case, it could have and should have made that clear to the Commission and the parties at the outset of this case, for example through a motion to dismiss. The ORS

² See, e.g., *In Re Application of Ocean Lakes Utilities, L.P.*, Order No. 2014-48, Docket No. 2013-380-S (Jan. 14, 2014).

1 made no such filing. Moreover, since this case has been pending, the ORS has
2 recommended approval of at least one increase in wastewater fees via pass-through of
3 wholesale rates -- the April 16, 2019 pass-through filing by Ocean Lakes Utilities, L.P.³
4 The ORS also did not oppose KIU's proposed pass-through notice filed on April 22, 2019
5 in Docket No. 2018-257-WS. This case has been pending now for nearly seven months
6 and the issues are appropriately before the Commission in this proceeding. Punting these
7 issues to a future rate case is not only not required, it would represent a waste of
8 administrative resources.

9 Also notable is the fact that it appears Blue Granite has provided more notice,
10 more process, and more transparency in this proceeding than any other water or
11 wastewater utility has provided in connection with a request for approval of a pass-
12 through mechanism and associated rates. Further, the Company fully responded to an
13 Audit Information Request served by the ORS in December 2018 as part of this
14 proceeding, and the ORS has requested no additional discovery from the Company since
15 that time. In February 2019, following the filing of its Amended Application—as a
16 courtesy, and in the interest of full disclosure—the Company voluntarily sent the ORS all
17 information necessary to audit the Amended Application, including every invoice and file
18 needed to support every number in the application. After all of this process and
19 transparency, it makes no sense to now conclude that these issues should be moved to a
20 future rate case proceeding.

21 Further, the Company believes it is preferable to pass through current expense
22 levels in this proceeding, as proposed in the Amended Application, so as to allow

³ ORS Letter, Docket No. 2013-380-S (filed Apr. 24, 2019).

1 recovery of its actual purchased water and wastewater treatment expenses on as timely a
2 basis as practical. This will send more accurate price signals to customers about the true
3 cost of their water and wastewater service. Additionally, addressing the issues in this
4 proceeding instead of further delaying their resolution will benefit customers by
5 mitigating the ultimate impact of recovery of the deferred costs. Considering the growing
6 deferral balance driven by the most recent increase in rates from York County, the
7 Company believes it is appropriate to pass-through current expense levels to significantly
8 lessen the monthly deferrals going forward and mitigate rate shock once the Company
9 begins to recover on the deferred balances.

10 **Q. SEVERAL OF THE ORS’S ARGUMENTS GO TO THE DESIGN OF THE**
11 **MECHANISM PROPOSED TO BE USED BY THE COMPANY TO**
12 **IMPLEMENT THE PASS-THROUGH. BEFORE WE DISCUSS THE ORS’S**
13 **SPECIFIC RATE DESIGN ARGUMENTS, CAN YOU PLEASE EXPLAIN WHY**
14 **THE COMPANY IS USING THIS PROPOSED RATE DESIGN?**

15 A. The rate design proposed to be used for the pass-through mechanism is the same rate
16 design used for the Company’s current base rates. This rate design was approved by the
17 Commission, in the Company’s last two rate cases. Frankly, Blue Granite was surprised
18 to see the ORS take issue with the use of this rate design, not only because it is the rate
19 design used for all of the Company’s rates, but also because the ORS affirmatively
20 supported the use of this rate design in the Company’s last rate case. Specifically, ORS’S
21 Chief Operating Officer Hipp, in her testimony on rehearing, stated that the rate design
22 issue the ORS had raised on rehearing stemmed from a “failure to communicate,” and
23 that once communication occurred, “we’re satisfied with that, and there is no dispute on

1 the rate design.”⁴ The Commission’s December 5, 2018 directive reiterated this:
2 “Rehearing was granted on this [rate design] issue, but after reviewing the testimony of
3 Company witness Hunter, the ORS no longer challenged the Company’s rate design or
4 calculations. Accordingly, rate design is no longer an issue in the case.”⁵ It is
5 unreasonable for the ORS to support the rate design for current base rates, but take issue
6 with it for the pass-through mechanism.

7 **Q. WHAT IS THE COMPANY’S POSITION WITH RESPECT TO THE OTHER**
8 **PARTIES’ ARGUMENT THAT THE RATE MECHANISM SHOULD BE BASED**
9 **ON A DOLLAR FOR DOLLAR RECOVERY OF THIRD-PARTY PROVIDER**
10 **EXPENSES, RATHER THAN BE COMPATIBLE WITH THE COMPANY’S**
11 **EXISTING TERRITORY-BASED RATE DESIGN?**

12 A. It is important to recognize that the Company is recommending a rate adjustment
13 mechanism that seeks to recover third-party provider expenses on a dollar for dollar
14 basis. The calculation of base rates under the Company’s current Commission-approved
15 rate design⁶ includes the cumulative purchased water and wastewater expenses from
16 third-party providers. The mechanism design proposed by the Company in this
17 proceeding was the most compatible with the Company’s current overall rate design.
18 This rate design was not only approved by the Commission, but was examined and not
19 opposed by the ORS. It would be illogical and inconsistent to use one rate design for
20 third-party provider costs reflected in base rates, and a different rate design for such costs

⁴ See Hipp testimony on rehearing in Docket No. 2017-292-WS, Transcript Vol. 1, at pp. 440-441.

⁵ See Commission Directive dated Dec. 5, 2018, in Docket No. 2017-292-WS, at p. 1.

⁶ See Docket No. 2017-292-WS.

1 reflected in the rate adjustment mechanism. The Company's proposal keeps this
2 consistency between base rates and rate adjustments, and should be approved.

3 **Q. WHAT IS THE COMPANY'S RESPONSE TO THE ORS ARGUMENT THAT**
4 **THE COMPANY'S PROPOSED TRUE UP PROCESS WILL BE UNWIELDY?**

5 A. We disagree. Although the ORS is concerned that the proposed true-up process will
6 create "bookkeeping pressures," the Company believes that the ORS is more than capable
7 of ensuring the Company is implementing the true up accurately. There is nothing
8 unusual or complicated about truing up over- or under-collections, and the Commission,
9 the ORS, and utilities routinely perform the associated calculations. The true up we have
10 proposed to include as a part of the pass-through mechanism is designed to ensure that
11 the Company recovers no more and no less than its actual third-party provider expenses;
12 this ensures that the Company recovers no more than it is entitled to, a goal that is
13 undoubtedly shared by the ORS. In order to ensure that, a true up is necessary because
14 forecasted customer usage levels may differ from actual usage levels. A true up such as
15 the Company has proposed is prevalent in the utility industry with respect to other
16 expense trackers – for example, fuel adjustment mechanisms for electric and gas utilities.
17 We do not believe the proposed true up adds much complexity, and it has the benefit of
18 giving the Commission and customers assurance that the Company will not over-recover
19 with respect to its third-party provider expenses.

20 **Q. WHAT IS THE COMPANY'S POSITION WITH RESPECT TO THE ORS**
21 **ARGUMENT THAT NON-REVENUE WATER COSTS SHOULD BE**
22 **EXCLUDED FROM THE PASS-THROUGH MECHANISM?**

1 A. Again, this is an issue of consistency between the rate design for the base rates and rate
2 design for the rate adjustments. Based on the Commission-approved rate design for base
3 rates, the cumulative third-party provider expenses have been incorporated into the
4 respective service territories and added to the revenue requirement dollar for dollar.
5 Every other utility for which the Commission has approved a pass-through mechanism
6 passes through these charges without adjustment. This is so because the utilities are
7 merely passing through third-party charges to customers without markup or margin. For
8 that reason, the Company believes that any adjustments to these passed through charges
9 would be inappropriate and would penalize the Company by disallowing the recovery of
10 costs that it incurs to serve its customers. Utilities merely serve as a conduit for these
11 third-party charges, and the Company's proposal is no different from that perspective.
12 BGWC is simply seeking recovery for the pass-through rate adjustments in the same
13 manner. Non-revenue water items, such as losses, are a real and reasonable cost of doing
14 business. I would submit that, unless the Commission determines that losses are
15 unreasonably high, non-revenue water should be reflected in the pass-through mechanism
16 just as they are in base rates.

17 Nevertheless, in the spirit of cooperation, the Company would be willing to
18 absorb the non-revenue water costs that would otherwise be passed through the proposed
19 mechanism should the Commission agree with the ORS that these costs should not be
20 borne by customers. The proposed mechanism is already set up to accommodate the
21 ORS proposing a non-revenue water adjustment as part of the mechanism's annual audit
22 and review process. *See* Amended Application at 5, Docket No. 2018-358-WS (filed
23 Feb. 21, 2019) ("By April 15 of each year, the Commission and the Office of Regulatory

1 Staff ('ORS') will complete their respective review and audit of Applicant's proposed
2 rate adjustments, including reconciliations."). I would note that the non-revenue water
3 adjustment in its most recent rate case was equal to 0.55 percent of the purchased water
4 expense approved in the Company's most recent rate case.

5 **Q. WHAT IS THE COMPANY'S POSITION WITH RESPECT TO THE**
6 **ARGUMENT THAT THE THIRD-PARTY PROVIDER EXPENSES SHOULD BE**
7 **ALLOCATED ONLY TO CUSTOMERS IN THE GEOGRAPHIC LOCATIONS**
8 **WHERE THE THIRD-PARTY PROVIDER EXPENSES ARE ACTUALLY**
9 **INCURRED?**

10 A. As explained in the ORS's testimony in the Company's 2015 rate case, eliminating the
11 then-existing geographic-specific rate design would "reduce customer confusion and
12 provide consistent and transparent rates." Willie Morgan Test. at 8, Docket No. 2015-
13 199-WS (filed Oct. 7, 2015). Further, as explained in the Company's application in that
14 proceeding, the Company's rate design would "1) stabilize the rates associated with water
15 and sewer service; 2) eliminate delays associated with the monthly apportionment of
16 third-party provider charges; and 3) streamline customer billing." Application at 5,
17 Docket No. 2015-199-WS (filed June 30, 2015). The Commission found that the
18 proposed change to this rate design was "just, fair and reasonable." Order No. 2015-876
19 at 23-24, Docket No. 2015-199-WS (Dec. 22, 2015).

20 The Company believes that these goals—reduced customer confusion, consistent
21 and transparent rates, the elimination of delays, and streamlined customer billing—were
22 each accomplished with the implementation of the existing rate design. For that reason,
23 the Company stands by its existing rate design and does not believe that the expenses

1 being sought for recovery in this application should be passed through under a rate
2 structure different than that approved by the Commission. Further, the Commission
3 should be made aware that moving to a geographic allocation methodology will impact
4 certain groups of customers disproportionately and will be to the detriment of certain
5 customers, such as customers in York County, due to the projected York County
6 wholesale rate increases. Hunter Rebuttal Exhibit A is a set of two tables from the York
7 County website that shows phased in rate increases for water service and sewer service
8 between 2018 and 2026.

9 **Q. WHAT IS THE COMPANY'S POSITION WITH RESPECT TO THE ORS'S AND**
10 **YORK COUNTY'S POSITION THAT THE DEFERRAL BALANCE SHOULD**
11 **BE RECOVERED OVER AN AMORTIZATION PERIOD LONGER THAN ONE**
12 **YEAR?**

13 A. As previously articulated by the Commission, "it is reasonable to allow an amortization
14 period that matches the accumulation period yet spreads the impact of the cost in a
15 reasonable way." Order No. 2005-2, Docket No. 2004-178-E (Jan. 6, 2005). The
16 deferral balance the Company proposes to recover in its Amended Application is for
17 actual expenses from March 2018 through January 2019, a period of less than one year.
18 For that reason, the Company considers it more than reasonable for it to be permitted to
19 recover these expenses over a twelve-month period.

20 **Q. WHAT IS THE COMPANY'S POSITION WITH RESPECT TO THE ORS'S AND**
21 **FORTY LOVE POINT'S RECOMMENDATION FOR AN OPPORTUNITY FOR**
22 **PUBLIC PARTICIPATION IN THE RATE ADJUSTMENT CALCULATION**
23 **AND AUDIT PROCESS?**

1 A. The Company's proposed mechanism would serve only to pass-through increases in
2 charges assessed by third-party providers; it does not involve a change to the Company's
3 entire rate structure; nor does it involve a change in any Commission rules, regulations,
4 or policies. Blue Granite is merely seeking to pass through the incremental changes to
5 purchased water and wastewater expenses consistent with the Company's approved
6 current rate design. As part of this case, the ORS is conducting an audit of Blue
7 Granite's purchased water and wastewater expenses to confirm current levels. The
8 recovery of purchased water and wastewater expenses is common, and because such
9 expenses are incurred as a result of charges assessed by unrelated third-parties, the
10 expenses are not controlled by the Company. We believe the audit period proposed by
11 the Company for the ORS and Commission to review the Company's pass-through rate
12 adjustments is sufficient to ensure that any proposed rate adjustments will be reasonable,
13 not "automatic," and will reflect only eligible third-party provider expenses. Indeed, the
14 proposed mechanism provides much greater transparency for all interested parties than
15 the opaque rate increase letters filed by other water utilities. For all of these reasons, the
16 Company continues to believe that the process proposed by the Company to implement
17 rate adjustments is reasonable.

18 **Q. WHAT IS THE COMPANY'S POSITION ON THE ORS'S RECOMMENDATION**
19 **REGARDING A FEASIBILITY STUDY RELATED TO INCLUDING A PASS-**
20 **THROUGH CHARGE AS A SEPARATE LINE ITEM ON CUSTOMER BILLS?**

21 A. Acknowledging the benefits of the Company's current rate design as explained above, the
22 Company is willing to provide in the next general rate case a "feasibility study" of a

1 third-party provider specific pass-through charge as a separate line item on customer
2 bills.

3 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

4 A. Yes, it does.

Water Rate Schedule									
Description	Rates								
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Base Charges, no flow (meter size in inches)									
3/4	\$8.77	\$9.53	\$10.35	\$10.49	\$10.63	\$10.75	\$10.87	\$10.99	\$11.11
1	\$14.65	\$15.92	\$17.28	\$17.52	\$17.75	\$17.95	\$18.15	\$18.35	\$18.55
1 1/2	\$29.20	\$31.73	\$34.47	\$34.93	\$35.40	\$35.80	\$36.20	\$36.60	\$37.00
2	\$46.74	\$50.79	\$55.17	\$55.91	\$56.66	\$57.30	\$57.94	\$58.58	\$59.22
3	\$87.70	\$95.30	\$103.50	\$104.90	\$106.30	\$107.50	\$108.70	\$109.90	\$111.10
4	\$146.20	\$158.87	\$172.53	\$174.87	\$177.20	\$179.20	\$181.20	\$183.20	\$185.20
6	\$292.30	\$317.63	\$344.97	\$349.63	\$354.30	\$358.30	\$362.30	\$366.30	\$370.30
8	\$467.70	\$508.23	\$551.97	\$559.43	\$566.90	\$573.30	\$579.70	\$586.10	\$592.50
10	\$672.40	\$730.67	\$793.53	\$804.27	\$815.00	\$824.20	\$833.40	\$842.60	\$851.80
12	\$1,257.00	\$1,365.93	\$1,483.47	\$1,503.53	\$1,523.60	\$1,540.80	\$1,558.00	\$1,575.20	\$1,592.40
14 and greater	\$1,870.90	\$2,033.03	\$2,207.97	\$2,237.83	\$2,267.70	\$2,293.30	\$2,318.90	\$2,344.50	\$2,370.10
Consumption Cost/1,000 gallons									
Residential	\$4.74	\$5.15	\$5.59	\$5.66	\$5.74	\$5.80	\$5.86	\$5.92	\$5.98
Commercial	\$5.40	\$5.87	\$6.37	\$6.45	\$6.54	\$6.61	\$6.68	\$6.75	\$6.81
Wholesale	\$4.07	\$4.42	\$4.80	\$4.86	\$4.92	\$4.98	\$5.03	\$5.08	\$5.13

Sewer Rate Schedule									
Description	Rates								
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Base Charges, no flow (meter size in inches*)									
	*based on water meter size								
3/4	\$7.58	\$8.53	\$9.61	\$9.74	\$9.87	\$9.97	\$10.08	\$10.20	\$10.32
1	\$12.66	\$14.25	\$16.05	\$16.27	\$16.48	\$16.65	\$16.83	\$17.03	\$17.23
1 1/2	\$25.24	\$28.40	\$32.00	\$32.43	\$32.87	\$33.20	\$33.57	\$33.97	\$34.37
2	\$40.40	\$45.46	\$51.22	\$51.91	\$52.61	\$53.14	\$53.73	\$54.37	\$55.01
3	\$75.80	\$85.30	\$96.10	\$97.40	\$98.70	\$99.70	\$100.80	\$102.00	\$103.20
4	\$126.36	\$142.20	\$160.20	\$162.37	\$164.53	\$166.20	\$168.03	\$170.03	\$172.03
6	\$252.64	\$284.30	\$320.30	\$324.63	\$328.97	\$332.30	\$335.97	\$339.97	\$343.97
8	\$404.24	\$454.90	\$512.50	\$519.43	\$526.37	\$531.70	\$537.57	\$543.97	\$550.37
10	\$581.16	\$654.00	\$736.80	\$746.77	\$756.73	\$764.40	\$772.83	\$782.03	\$791.23
12	\$1,086.44	\$1,222.60	\$1,377.40	\$1,396.03	\$1,414.67	\$1,429.00	\$1,444.77	\$1,461.97	\$1,479.17
14 and greater	\$1,617.04	\$1,819.70	\$2,050.10	\$2,077.83	\$2,105.57	\$2,126.90	\$3,150.37	\$2,175.97	\$2,201.57
Consumption Cost/1,000 gallons									
Residential	\$5.81	\$6.54	\$7.36	\$7.46	\$7.56	\$7.64	\$7.72	\$7.80	\$7.88
Commercial	\$6.40	\$7.21	\$8.11	\$8.22	\$8.33	\$8.42	\$8.51	\$8.59	\$8.68
Wholesale	\$4.68	\$5.27	\$5.93	\$6.01	\$6.09	\$6.15	\$6.22	\$6.28	\$6.34